

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 IO-14 ISO-00 AGR-20 CIAE-00

COME-00 INR-10 LAB-06 NSAE-00 RSC-01 SPC-03 STR-08

TRSE-00 CIEP-02 OMB-01 TAR-02 DRC-01 /121 W

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P 010100Z DEC 73

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 9045

AMEMBASSY PARIS PRIORITY

USMISSION GENEVA PRORITY

UNCLAS MEXICO 9025

E.O. 11652: N/A

TAGS: ETRD, MX

SUBJ: TEXTILES

REF: PARIS 30275, MEXICO 8882

GENEVA AND PARIS PASS JURICH - FROM KOHN

1. CONTINUING THEIR DYNAMIC GROWTH PATTERN OF RECENT YEARS, SALES OF ARTIFICIAL FIBERS IN MEXICO ROSE SHARPLY, 24.8 PERCENT, IN THE FIRST EIGHT MONTHS OF 1973, ALTHOUGH MUCH OF THE GROWTH WAS IN JUST TWO FIBER AREAS - POLYESTER AND ACRYLIC. THE INCREASE THROUGH AUGUST COMPARED WITH A 14.2 PERCENT SALES GROWTH IN THE FIRST EIGHT MONTHS ONE YEAR AGO. SALES ARE EXPECTED TO HOLD UP VERY WELL IN THE COMING MONTHS, AND FOR THE YEAR AS A WHOLE THE RATE OF GROWTH PROBABLY WILL REACH OR EXCEED 15 PERCENT. PRODUCTION IN THE FIRST EIGHT MONTHS OF THIS YEAR ROSE BY 28.5 PERCENT DESPITE PERIODIC SHORTAGES IN KEY RAW MATERIALS, WHEREAS THE INCREASE THROUGH AUGUST LAST YEAR HAD BEEN 16.4 PERCENT.

2. THE LACK OF GROWTH OF THE MORE "TRADITIONAL" ARTIFICIAL FIBERS, SUCH AS RAYON AND ACETATE, IS RESULTING IN CONSIDERABLE INDUSTRY CONCERN, ALTHOUGH THERE WAS A NOTICEABLE REBOUND IN NYLON PRODUCTION

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FOR BOTH TEXTILES; AND INDUSTRIAL USES (TEXTILE NYLON PRODUCTION

IN THE FIRST EIGHT MONTHS WAS UP 50.6 PERCENT FROM THE COMPARABLE 1972 PERIOD). THROUGH AUGUST, PRODUCTION OF POLYESTER FIBERS ACCOUNTED FOR 40.4 PERCENT OF TOTAL INDUSTRY OUTPUT, AS COMPARED WITH PARTICIPATIONS OF 28.8 PERCENT AND 37.0 PERCENT RESPECTIVELY IN 1971 AND 1972.

3. TOTAL PRODUCTION (EXCLUDING IN-BOND INDUSTRIES) OF SYNTHETIC FIBER TEXTILES AND APPAREL FOR 1973 WILL BE ROUGHLY 300,000 METRIC TONS. OF THIS PRODUCTION, MEXICO WILL EXPORT SOME 5 PERCENT WITH LESS THAN HALF GOING TO THE UNITED STATES. IT IS VIRTUALLY IMPOSSIBLE TO PREDICT AT THIS STAGE WHAT MEXICAN PRODUCTION OF SYNTHETIC FIBERS WILL BE IN 1974 BUT KNOWLEDGEABLE SOURCES AGREE THAT ALL INDICATORS POINT TO A LOWER OUTPUT THAN IN 1973. THIS WILL BE DUE LARGELY TO SHORTAGES IN RAW MATERIALS NECESSARY FOR THE PRODUCTION OF SYNTHETIC FIBERS AS RESULT OF THE ARAB OIL BOYCOTT.

4. US COMMERCE DEPARTMENT STATISTICS, WHICH ENCOMPASS ALL MEXICAN EXPORTS INCLUDING PRODUCTION IN-BOND PLANTS, INDICATE CONTINUING TREND TOWARD INCREASED EXPORTS OF SYNTHETIC TEXTILES TO THE UNITED STATES. US IMPORTS OF SYNTHETIC-FIBER MANUFACTURES FROM MEXICO JUMPED FROM 18.8 MILLION SYE IN 1970 TO 50.8 MILLION SYE IN 1971, IMPORTS TO US CONTINUED FAIRLY STEADY AT SOME 52 MILLION SYE IN 1972 BUT COULD EASILY REACH 85 MILLION SYE IN 1973, AND SOME PREDICT THEY MAY ACTUALLY REACH THE 100 MILLION SYE MARK.

5. FOLLOWING ARE MOST RECENT GOM STATISTICS ON PRODUCTION OF SYNTHETIC FIBERS.

PRODUCTION OF SYNTHETIC FIBERS (METRIC TONS)

JANUARY-AUGUST

	1971	1972	1973
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TOTAL FIBRE	63,406	73,809	94,810
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VARIATION	72/71	73/72
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	PLUS 16.4 PERCENT	PLUS 28.5 PERCENT
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RAYON (TOTAL)	12,343	13,141	13,779
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VARIATION	PLUS 6.5 PERCENT	PLUS 5.0 PERCENT
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CONT. FILAMENT	4,502	4,733	3,776
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VARIATION	PLUS 5.1 PERCENT	PLUS 0.9 PERCENT
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STAPLE FIBRE 7,841 8,408 9,021

VARIATION PLUS 7.2 PERCENT PLUS 7.3 PERCENT

ACETATE (TOTAL) 10,628 10,345 10,629

VARIATION MINUS 2.7 PERCENT MINUS, PLUS 2.7 PERCENT

CONT. FILAMENT 8,173 7,695 7,794

VARIATION MINUS 5.8 PERCENT PLUS 1.3 PERCENT

STAPLE FIBRE 2,455 2,650 2,835

VARIATION PLUS 7.9 PERCENT PLUS 7.0 PERCENT

NYLON (TEXTILE) 9,720 8,832 13,303

VARIATION MINUS PLUS 9.1PERCENT PLUS 50.6 PERCENT

NYLON (INDUSTRIAL) 617 954 1,312

VARIATION PLUS 54.6 PERCENT PLUS 37.5 PERCENT

POLYESTER FIBRE 18,267 28,197 38,315

VARIATION PLUS 54.4 PERCENT PLUS 35.9 PERCENT

ACRYLIC FIBRE 7,757 8,702 11,379

VARIATION PLUS 12.2 PERCENT PLUS 30.8 PERCENT

TIRE CORD (TOTAL) 4,330 4,428 4,807

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VARIATION PLUS 2.3 PERCENT PLUS, MINUS 8.6 PERCENT

NYLON 3,348 3,410 3,819

VARIATION PLUS 1.9 PERCENT PLUS 12.0 PERCENT

RAYON 982 1,018 988

VARIATION PLUS 3.7 PERCENT MINUS 2.9 PERCENT

6. PRESENT PROSPECTS FOR MEXICO'S COTTON AND WOOL TEXTILE INDUSTRIES  
ARE LESS THAN SATISFACTORY. ON THE ONE HAND, DOMESTIC DEMAND FOR  
THESE PRODUCTS HAS SHOWN VERY LITTLE IMPROVEMENT OF LATE, THIS IN  
A PERIOUL IN WHICH RAW MATERIALS AND LABOR COSTS FOR THE INDUSTRIES

HAVE RISEN MARKEDLY. BOTH COTTON AND WOOL PRICES CONTINUE TO BE MUCH HIGHER THAN THEY WERE ONE YEAR AGO, AND IN OCTOBER BOTH SECTORS OF THE TEXTILE INDUSTRY SIGNED "INTERIM" AGREEMENTS AUTHORIZING WAGE INCREASES OF 20 PERCENT FOR THEIR UNIONIZED PERSONNEL. MORE RECENTLY, THE INDUSTRIES HAVE BEEN AFFECTED BY A LACK OF NEW ORDERS AND DIFFICULTIES IN OBTAINING ADEQUATE BANK FINANCING LINES FOR WORKING CAPITAL PURPOSES. COTTON TEXTILE INDUSTRY OFFICIALS MAINTAIN THAT EXPORTS PROSPECTS HAVE BEEN HURT BY THE RECENT ROUND OF WAGE INCREASES.

7. DANIEL BASULTO INFORMED EMBASSY TODAY THAT HE WILL NOT ATTEND DECEMBER SESSION IN GENEVA BECAUSE HE IS SUFFERING FROM A CHEST COLD. MEXICAN DELEGATION WILL NOW BE HEADED BY ROBERTO DAVILA GOMEZ PALACIOS, DIRECTOR GENERAL, INTERNATIONAL ECONOMIC AFFAIRS, SECRETARIAT INDUSTRY AND COMMERCE. ABEL GARRIDO, TREASURY, CONTINUES AS ALTERNATE SPOKEMAN.  
MCBRIDE

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Draft Date:** 01 DEC 1973  
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**TAGS:** ETRD, MX  
**To:** STATE GENEVA  
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